

PROCEDURES FOR CHANGE OF OPERATOR
OIL AND GAS PROGRAM
PACIFIC OCS REGION
BOEM AND BSEE
Updated: January 2015

The following list is a summary of the actions necessary to change to a new operator on producing leases, rights-of-way, and units in the Pacific OCS Region. For the purposes of a change of operator, the Bureau of Ocean Energy Management (BOEM) has authority for leases and the Bureau of Safety and Environmental Enforcement (BSEE) has authority for rights-of-way and units. Most steps can and should occur concurrently, though step 2 needs to occur before BOEM and BSEE can process paperwork submitted under the remainder of the steps. Since change of operatorship can take several months, companies often choose to change ownership first. Steps 2 and 3 are required to change ownership, and lease/supplemental bonds are required for change of ownership if the remaining owners/operator do not meet BOEM's bond requirements.

Action	BOEM/BSEE Contact	<i>Date Finalized</i>
<p>1. New company notifies BSEE that it would like to become an operator. BSEE conducts an internal review to determine if the current operator has any outstanding corrective actions that should be resolved early in the process.</p>	<p>Nabil Masri Regional Supervisor, Office of Field Operations (OFO), BSEE 805.384.6334 nabil.masri@bsee.gov</p>	
<p>2. New company submits qualification paperwork. BOEM qualifies the company to hold interest in leases, and approves list of officials authorized to sign on behalf of the company. Companies already qualified to hold interest in leases should ensure that individuals signing documents are listed as authorized on their qualification card. (See 30 CFR 556.35.)</p>	<p>Elverlene Williams Leasing Specialist, Lease Management Section (LMS), Office of Strategic Resources (OSR), BOEM 805.384.6392 elverlene.williams@boem.gov</p>	

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BOEM AND BSEE**

Updated: January 2015

3. New or original companies submit lease and right-of-way assignments and filing fees, if applicable.

Officials recognized by BOEM/BSEE as authorized to sign for the companies must sign assignments. If the new company wishes to become an owner before it is approved as an operator, it must: 1) agree to the original operator by submitting Designation of Operator forms for each lease and right-of-way, and 2) submit Oil Spill Financial Responsibility paperwork to the BOEM Gulf of Mexico Region Office to designate an existing applicant (see Step #15 for contact information). BOEM sends lease assignments to the U.S. Department of Justice for antitrust review. (See 30 CFR 556.62 for lease assignments and 30 CFR 250.1018 for rights-of-way assignments.)

Each record title assignment is \$198. Payable via pay.gov.

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**PROCEDURES FOR CHANGE OF OPERATOR
OIL AND GAS PROGRAM
PACIFIC OCS REGION
BOEM AND BSEE**

Updated: January 2015

4. All companies holding interest in affected leases and rights-of-way agree to the new operator by submitting Designation of Operator for each lease and right-of-way.

If the leases are in a unit, designation of a successor unit operator under step 13 replaces the requirement for Designation of Operator for each lease and pipeline. However, a Designation of Operator form for each right-of-way is still required. Approval of the Designation of Operator is covered in step 12. (See 30 CFR 550.143 to 550.144.)

***Each designation is \$175.
Payable via pay.gov.***

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5. New operator (or lease holders) submits lease bond or area-wide bond, and right-of-way bond (if applicable).

(See 30 CFR 556.52 to 556.55 and 550.1011.)

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<p>6. New operator submits audited financial statement and decommissioning cost estimate. BOEM reviews financial information and shares company-provided decommissioning cost data with BSEE. Based on the decommissioning cost and safety analysis provided by BSEE, and its own review of financial information, BOEM determines whether a supplemental bond is required. If discrepancies exist between the BSEE and operator/lessee decommissioning cost estimates, BOEM may facilitate a discussion between the parties for reconciliation. BOEM notifies new operator of supplemental bond decision. (See 30 CFR 556.56.)</p>	<p>Lisa Gentry Regulatory Specialist, LMS, OSR, BOEM 805.384.6390 lisa.gentry@boem.gov</p> <p>Ed Lim Petroleum Engineer, ROS, OFO, BSEE 805.384.6335 eddielee.lim@bsee.gov</p>	
<p>7. New operator (or lease holders) submits supplemental bond or other financial instruments acceptable to BOEM, if required by BOEM. (See 30 CFR 556.53.)</p>	<p>Elverlene Williams Leasing Specialist, LMS, OSR, BOEM 805.384.6392 elverlene.williams@boem.gov</p>	
<p>8. BSEE reviews pipeline ownership and operatorship to determine whether new rights-of-way are needed, existing ones should be terminated, or any other pipeline matters need to be addressed. BSEE notifies new operator. New operator submits rights-of-way applications and filing fees, if needed. (See 30 CFR 250.1009 to 250.1018.)</p>	<p>Theresa Bell Petroleum Engineer, ROS, OFO, BSEE 805.384.7554 theresa.bell@bsee.gov</p>	

**PROCEDURES FOR CHANGE OF OPERATOR
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<p>9. New operator sends a letter to BSEE Oil Spill Preparedness Division (OSPD) certifying capability to respond to the maximum extent practicable to a worst case discharge or a substantial threat of such a discharge from their facilities (in lieu of providing a revised oil spill response plan).</p> <p>Certification must show that the operator has ensured by contract or other means the ability to respond to the discharge. Verification from the organization(s) providing the resources must accompany the certification.</p> <p>(See 30 CFR 254.2(b).)</p>	<p>Craig Ogawa Senior Preparedness Analyst, Pacific Region Unit, Oil Spill Preparedness Division, BSEE 805.384.6331 craig.ogawa@bsee.gov</p>	
<p>10. New operator meets with BSEE Office of Field Operations.</p> <p>New operator supplies BSEE operational personnel with qualification statements and discusses operatorship experience and safety history relevant to the OCS. BSEE may run drills to determine if new operator is ready to assume operatorship.</p> <p>(See 30 CFR 250.107.)</p>	<p>Nabil Masri Regional Supervisor, OFO, BSEE 805.384.6334 nabil.masri@bsee.gov</p>	
<p>11. BSEE completes review of current operator's pending corrective actions, if any.</p> <p>Current operator resolves any problems, or provides schedule for correcting problems. New operator assumes responsibility for any pending corrective actions.</p> <p>(See 30 CFR 250.107.)</p>	<p>District Manager, California District (CD), OFO, BSEE 805.384.6370</p>	

**PROCEDURES FOR CHANGE OF OPERATOR
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<p>12. BOEM approves the new lease operator. This approval is subject to the new operator abiding by and accepting all obligations and conditions. [Note: If the lease is in a unit, this step is skipped and the unit operator is approved in step 14.] The change of operatorship is effective on the date of the approval letter. Designation of operatorship is not effective until approval has been received from BOEM. (See 30 CFR 550.143 to 550.144.)</p>	<p>Joan Barminski Regional Supervisor, OSR, BOEM 805.384.6318 joan.barminski@boem.gov</p>	
<p>13. Operators request change in unit operator (and/or suboperator), if applicable. Operators provide the following to BSEE, per the unit agreement and unit operating agreement: 1) Resignation of current unit operator; 2) Designation of successor unit operator by the working interest owners, evidenced by acceptance of the rights and obligations of the unit operator by the new operator and concurrence by all working interest owners, evidenced by signatures from authorized officials recognized by BSEE; 3) Ratification and joinder of the Unit Agreement and Unit Operating Agreement by the new operator and any new working interest owners; and 4) Revision of appropriate unit agreement exhibits and unit operating agreement exhibits, if ownership has changed. (See 30 CFR 250.1300 to 250.1304.) If a suboperator change is needed, the requirements above apply to the suboperator change.</p> <p><i>Each Unitization Revision is \$896. Payable via pay.gov.</i></p>	<p>Nathan Sinkula Petroleum Engineer, Office of Production & Development (OPD), BSEE 805.384.6366 nathan.sinkula@bsee.gov</p>	

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<p>14. BSEE approves the new unit operator (and/or suboperator, if applicable). If all of the above steps 1-13 have been met, then BSEE will provide: 1) Acceptance of resignation of current unit operator (and suboperator, if applicable); 2 Approval of the successor unit operator, and suboperator, if applicable; and 3) Approval of the unit agreement ratifications and exhibits. The change of operatorship cannot be effective prior to the date of BSEE's approval letter. This approval is subject to the new operator abiding by and accepting all obligations and conditions. (See 30 CFR 250.1300 to 250.1304.)</p>	<p>Drew Mayerson Regional Supervisor, OPD, BSEE 805.384.6358 drew.mayerson@bsee.gov</p>	
<p>15. Approved operator submits Oil Spill Financial Responsibility (OSFR) paperwork to the BOEM Gulf of Mexico Region Office. New operator must designate an existing applicant (if it has not done so as a lessee) or submit a new application with themselves as the designated applicant within 15 days after approval by BOEM. (See 30 CFR 553.)</p>	<p>Allan Shareghi Chief, LMS, OSR, BOEM 805.384.6356 allan.shareghi@boem.gov</p> <p>Pat Clancy Oil Spill Financial Responsibility, Gulf of Mexico Region, BOEM 504.736.2600 patrick.clancy@boem.gov</p>	
<p>16. Approved operator meets with BOEM regarding Environmental Studies Program. BOEM briefs the new operator on the Environmental Studies Program and study activities occurring near their platforms/ operations. (See 30 CFR 556.82.)</p>	<p>Ann Bull Chief, Environmental Sciences Section, Office of Environment (OE), BOEM 805.384.6385 ann.bull@boem.gov</p>	